

Message Text

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64

ACTION PM-03

INFO OCT-01 SS-14 ISO-00 NEA-07 NSC-05 NSCE-00 INR-05

CIAE-00 DODE-00 L-01 EB-03 TRSE-00 /039 W

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R 221223Z APR 76

FM AMEMBASSY KUWAIT

TO SECDEF WASH DC//ISA//

INFO SECSTATE WASHDC 5188

USCINCEUR//ECJ4/7//

DA WASH DC//DALO-ILM//

CDR DARCOM ALEX VA//DRSIL//

CDR MICOM RSA AL/DRCPM-KMS//

C O N F I D E N T I A L KUWAIT 1972

LIMDIS

E.O. 11652: GDS

TAGS: MASS, KU

SUBJ: AGENTS FEES AND IHAWK

1. EMBASSY PREVIOUSLY HAS BEEN PROVIDED INFORMATION THAT USG ASSURANCE TO GOK RE AGENTS FEES WILL BE HONORED AND THAT RAYTHEON WILL NOT CLAIM AGENTS FEES FOR FIAFI AS COST UNDER CONTRACT.

2. COL ABDUL AZIZ SAYEGH DCSLOG OF ARMED FORCES HQ (WHO FUNCTIONS AS AN ASST SEC I AND L) HAS INFORMED DOD REP THAT THEY "KNOW" THAT AGENTS FEES ARE BEING PAID BY SUB-CONTRACTORS AND THAT MATTER IS CAUSING ACUTE DISCOMFITURE IN CERTAIN KEY POSITIONS. (EMBASSY CAN NEITHER CONFIRM NOR DENY ALLEGATION, HOWEVER, WE SEE NO REASON TO QUESTION IT.)

3. PRINCIPAL OWNER OF FIAFI IS ONE FAISAL AL-HAMAD, ANOTHER (ACCORDING TO COL SAYEGH) IS ABDUL AZIZ ABDUL RAZZAK, WHOSE SISTER IS MARRIED TO COL ABDULLAH AL-SUMAIT, THE AIR DEFENSE FORCE COMMANDER. ABDULLAH SUMAIT AND A.A. ABDUL RAZZAK
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DO NOT GET ALONG, TO THE EXTENT THAT ABDUL RAZZAK'S VISITS

TO HIS SISTER ARE DISCREETLY ARRANGED TO OCCUR AT TIMES WHEN ABDULLAH IS NOT AT HOME. NEVERTHELESS, THE BROTHER-IN-LAW'S ALLEGED FINANCIAL ENHANCEMENT AS A RESULT OF GOK PROCUREMENT OF AIR DEFENSE EQUIPMENT IS A SOURCE OF GREAT DISCOMIFITURE, UNEASINESS ETC., TO THE AIR DEFENSE COMMANDER IN THE PRESENT ERA OF BRIBERY/AGENTS FEE REVELATIONS. PAYMENTS TO BROTHER-IN-LAW VIEWED LOCALLY ABOUT SAME AS IN US.

4. DCSLOG HAS REQUESTED THAT US DO WHAT IT CAN TO TIGHTEN UP ON PAYMENT OF AGENTS FEES WHETHER THE SOURCE BE SYSTEM CONTRACTOR FROM COMPANY FUNDS OR SUBCONTRACTOR.

5.EMBASSY SUGGESTS THAT AN EFFORT BE MADE TO PLUG THE ALLEGED "LOOPHOLE" OF SUBCONTRACTOR PAYMENTS TO AGENTS AND ANY OTHER EFFORTS WHICH COULD REDUCE OPPORTUNITY FOR SUCH PAYMENTS. WE SUGGEST THAT FOLLOWING BE INVESTIGATED:

- A. ISSUE "FROM STOCK"WHENEVER POSSIBLE (LOSING DIRECT IDENTIFICATION OF ITEMS WITH KUWAIT;
- B. DIRECT PROCUREMENTS FROM ACTUAL MANUFACTURER VICE ONE "PRIME" CONTRACTOR WHEN FEASIBLE;
- C. REQUIREMENT THAT AGENT FEE CLAUSES BE PLACED INTO ALL SUBCONTRACTS AND LOWER TIER CONTRACTOR PROCUREMENT DOCUMENTS.

6. REQUEST ADVISE IF ANY ADDITIONAL MEASURES TO CONTROL THIS SITUATION CAN BE APPLIED.

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Message Attributes

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